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THE TOBACCO PRICE SITUATION, SEPTEMBER 1929

Flue-cured

The average price of flue-cured tobacco this year will probably not greatly exceed that of last year unless unexpected increases in foreign demand develop. The average price for tobacco of similar quality will probably be slightly below that of last year. The supply and demand situation appears not quite so favorable but the quality of the crop somewhat better than last year. The average price on local markets for the 1929 Georgia crop was 18.4 cents per pound compared with 12.8 cents in 1928 but the 1928 crop was extremely poor and the 1929 crop the best since the State became an important producer of flue-cured tobacco. The average price in the entire belt in 1928 was 17.6 cents per pound.

The indicated supply this year is 36 million pounds larger than last season. In 1928 the production was 741 million pounds and the stocks on July 1 were 565 million pounds, making a total supply of 1,306 million pounds. The stocks are 25 million pounds larger and production indicated by September 1 crop conditions 11 million pounds larger than last year. Since 1913 the disappearance of flue-cured tobacco, domestic consumption plus exports, has increased at a rate of approximately 30 million pounds a year.

Reports from Canada and South Africa indicate that the production of flue-cured tobacco in these countries in 1929 will probably be below the production in 1928. The total production of this type in foreign countries in 1928 was approximately 10 per cent of the production in the United States. Our exports of flue-cured tobacco to Canada have not materially changed during the past three years, being approximately 13 million pounds annually.

Exports of flue-cured tobacco for the year ended June 30, 1929 were 414 million pounds compared with 329 millions for the year ended June 30, 1928 and 289 millions the previous year. The exports for July 1929 were 13.7 million pounds compared with 11.2 millions July 1928. Exports were exceptionally heavy during and just following the 1928 marketing season and lighter than usual during the remainder of the year. This was due to large takings by China during the first part of the year when stocks were being built up in anticipation of increases in import and excise duties. Recent reports indicate that stocks in China have been reduced somewhat and that demand conditions are favorable for the present season. However, it does not appear probable that exports in China will exceed those of last year. So far as reported, demand conditions in other foreign countries are not much if any more favorable than last year.

During the past four years domestic consumption has increased at an average rate of 14 million pounds or approximately 5 per cent a year. The quantity of tobacco used in making cigarettes in this country has increased at an average rate of 25 million pounds or approximately 10 per cent a year during this same period. Apparently more of other types of tobacco are being used in making cigarettes or less flue-cured tobacco is being used in other products.

#### Burley

Present indications are that the average price of Burley for the 1929 season will be between those of 1923 and 1927, depending largely upon developments affecting yield and quality during the next few weeks. In 1923 the average price on local markets was 21.4 cents per pound and in 1927 it was 26.0 cents. The August drought has caused a material reduction in the indicated production of Burley from that expected a month ago. The indicated total supply is 5 per cent less than that of 1923 and approximately the same as in 1927. The crop of 1927 was the smallest in recent years and the stocks the largest, excepting 1926. The indicated production in 1929, according to September 1 crop conditions, is 120 million pounds larger and the stocks smaller by approximately the same amount than in 1927.

The total indicated supply is 697 million pounds compared with 685 million pounds in 1928. The indicated production according to September 1 crop conditions is 300 million pounds compared with 273 millions last year and the July 1 stocks were 396 million pounds compared with 411 millions a year earlier. There appears to have been no material change in the total annual volume of consumption in recent years.

#### Maryland and Ohio export

The 1928 crop of Maryland and Ohio export tobacco was marketed at gradually improving prices, the season's average being approximately 22 cents per pound. Taking into account the storm damage of last season the indications are that the quality of the 1929 crop will be better than last year and prices equal to or better appear probable. Both stocks and indicated production are practically unchanged. During the past five years the exports have gradually declined and domestic consumption gradually increased leaving the total disappearance on practically the same level.

#### Green River

Stocks of Green River tobacco have been gradually reduced and prices have gradually improved since 1925 when extremely low prices prevailed. In 1928 the average price on local markets was 11 cents a pound. If the quality of the 1929 crop is equal to that of last year the price will probably not be greatly changed.

The indicated supply, production plus stocks, is 64 million pounds compared with 63 millions in 1928 and 73 millions in 1927. The production indicated by September crop conditions is 28 million pounds compared with 19 million pounds in 1928 and 18 millions in 1927. The stocks on July 1 were 36 million pounds compared with 44 millions in 1928 and 55 millions in 1927. The disappearance for the year ended July 1, 1929 was 27 million pounds compared with 28 millions in 1928 and 45 millions in 1927. Both domestic consumption and exports have declined in recent years.

One Sucker

The prices of One Sucker tobacco have shown marked improvement during the past two years following the extremely low prices of 1926. If the quality of the crop is equal to that of last year it is probable that the price will almost equal the 1928 average of 13.1 cents per pound. The stocks are smaller and the indicated production larger than last year but the total supply is not greatly changed.

The production indicated by September 1 crop conditions is 27 million pounds compared with 23 millions in 1928 and 13 millions in 1927. The July 1 stocks were 26 million pounds compared with 32 millions in 1928 and 48 millions in 1927. The disappearance has gradually declined in recent years but was approximately the same for the year ended July 1, 1929 as for the previous year.

Virginia Sun-cured

The average price of this type of tobacco on local markets was 8.5 cents per pound in 1928 compared with 13.1 cents in 1927 and 9.5 cents in 1926. If the quality of the crop is average or better prices as high as those of last year appear probable. The production and stocks have gradually declined in recent years. The total indicated supply this year is 11.2 million pounds compared with 11.3 millions in 1928 and 12.7 millions in 1927. The disappearance was 5.2 million pounds for the year ended July 1, 1929 compared with 6.4 millions in 1928 and 5.3 millions in 1927.

Kentucky and Tennessee fire-cured

Unless the 1929 crop of Kentucky and Tennessee fire-cured tobacco is exceptional in quality the prices will probably average lower than those of last year. In the Hopkinsville and Clarksville district the average price in 1928 was 14 cents a pound and in the Paducah district the average was 12 cents a pound. The indicated supply is 10 per cent larger than last year.

The production of these two types indicated by September 1 crop conditions is 140 million pounds compared with 104 millions in 1923 and the extremely low production of 81 millions in 1927. July 1 stocks were 134 million pounds compared with 144 millions in 1928 and 187 millions in 1927. The disappearance of these types has gradually declined since 1919. For the year ended July 1, 1929, it was 114 million pounds compared with 124 millions in 1928 and 136 millions in 1927. This decline has been due largely to decreased exports. The exports for the year ended July 1, 1929 were 79 million pounds compared with 87 millions in 1928 and 134 millions in 1927. The increased use of cigarettes and decreased use of tobacco in other forms and the increased competition from home grown tobacco in foreign countries are the chief factors causing the decline in exports.

#### Virginia fire-cured

Present indications are that the prices of Virginia fire-cured will be above those of last year provided the quality of the crop is average or above. In 1928 the price on local markets averaged 10 cents per pound. The indicated supply is 22 per cent less than last year.

While the production indicated by September 1 crop conditions is larger than that of last year stocks have greatly reduced and are the lowest since 1924. The indicated production is 25 million pounds compared with 22 millions in 1928 but July 1 stocks were 38 million pounds compared with 59 millions the previous year. The exports of this type have declined along with those of other fire-cured types but domestic consumption has increased enough to largely offset this so that the average disappearance for the past three years is not greatly different from that of ten years ago.

#### Henderson stemming

The prices of Henderson stemming tobacco have gradually improved each year since 1925 when they were extremely low. The total supply has been less each succeeding year. Present indications are that prices will average as high as last year for tobacco equal to that of last year in quality. The average price in 1928 was 11.2 cents per pound. The indicated production according to September 1 crop conditions is well above that of 1927 or 1928 but the stocks have been so reduced that the total supply will probably be about 12 per cent less than that of 1928.

The total indicated supply is 9.9 million pounds compared with 11.3 millions in 1928 and 14.2 millions in 1927. The disappearance of this type has gradually declined in recent years but was larger for the year ended July 1, 1929 than for the previous year.

Cigar binder

Present indications are that the prices of New England, New York and Pennsylvania Havana seed and New England broad leaf cigar binder tobacco will be equal to or better than those of last year for crops similar to those of last year in quality. In Wisconsin the price will probably average below that of 1928 unless the quality is better. The average prices received by growers in 1928 were 24 cents per pound for New England Havana seed, 21 cents per pound for New England broad leaf and 18.2 cents per pound for Wisconsin.

The total supply of these types indicated by September 1 crop conditions and July 1 stocks is 240 million pounds compared with 247 millions in 1928 and 255 millions in 1927. The indicated supply of New England broadleaf is approximately the same as that of last year but well below that of 1927. The indicated supply of New England Havana seed is 52 million pounds compared with 64 millions in 1928. The indicated supply of Wisconsin tobacco is 140 million pounds compared with 134 millions in 1928. The production in Wisconsin indicated by September 1 crop conditions is below that of 1928 but stocks are larger.

The hail damage in the Connecticut Valley may materially reduce the supply of the binder grades and result in higher prices for these grades. In that case the supply of the scrap chewing grades will be increased, and prices correspondingly lowered. The total disappearance of these types was approximately 12 per cent less for the year ended July 1, 1929 than for the previous year and 10 per cent less than that for the year ended July 1, 1927.

Cigar filler

Prices not greatly different from those of 1928 appear probable for Pennsylvania and Miami Valley filler types, provided the quality is similar to that of last year. In Pennsylvania the average price received by growers in 1928 was 14 cents per pound and in the Miami Valley it was 17 cents per pound. The indicated production and stocks on hand in each district are not materially different from those of 1928. The trend in the production and disappearance of these types has been slightly downward during the past few years. However the disappearance for the year ended July 1929 was approximately the same as that for the previous year.

